

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE SALEM TELEPHONE)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	CASE NO. 92-171
CONVENIENCE AND NECESSITY AUTHORIZING)	
IT TO CONSTRUCT ADDITIONAL FACILITIES)	

O R D E R

On October 19, 1992, Salem Telephone Company ("Salem") filed a request for rehearing of the Commission's September 29, 1992 Order which denied Salem's application for a Certificate of Public Convenience and Necessity to construct and upgrade its facilities. On October 30, 1992, Salem's request for rehearing was granted.

On November 30, 1992, an informal conference was held between Commission staff and Salem representatives to discuss the engineering costs in question. At the conclusion of the conference, Salem agreed to provide additional information to the Commission which would document the amount of engineering costs contained in the proposed construction project. On December 16, 1992, Salem filed additional information revising its original application by reducing the estimated engineering costs from \$200,000 to \$171,000. Certain functions previously included in the engineering estimate will now be performed by local personnel at Salem. The estimated engineering costs for the proposed project have been reduced from 13.3 percent to approximately 11.6 percent of the total project cost which is more in line with the engineering costs estimated by other local exchange carriers for

similar projects previously approved by this Commission. The revised estimated total cost of the proposed construction is \$1,473,758. The cost will remain funded through a loan from the Rural Electrification Administration, an agency of the federal government. KRS 278.300(10) exempts loans from the federal government from Commission regulation.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the September 29, 1992 Order should be amended and Salem be granted a Certificate of Public Convenience and Necessity to construct and upgrade its facilities as described in the September 29, 1992 Order and its application, revised December 16, 1992.

IT IS THEREFORE ORDERED that:

1. The September 29, 1992 Order shall be amended and Salem be and it hereby is granted a Certificate of Public Convenience and Necessity to construct and upgrade its facilities as described in the September 29, 1992 Order and its application, revised December 16, 1992.

2. Salem shall file a copy of all progress reports, or similar documents available, with this Commission on an annual basis.

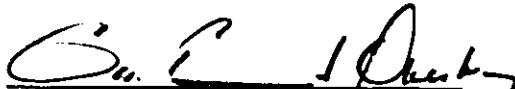
3. Prior to booking any extraordinary retirements resulting from these upgrades, Salem shall request approval of its plan for accounting for these retirements from the Commission.

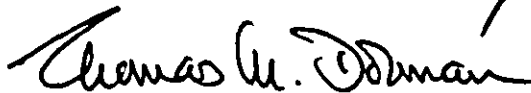
4. Salem shall file copies of the revised engineering contract as soon as it is executed.

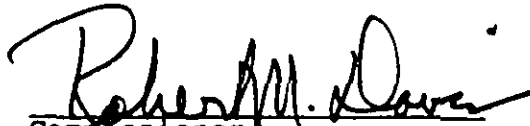
5. Should the costs of the construction authorized herein exceed the estimated costs supplied with the application and summarized above, Salem shall immediately notify the Commission of the adjustment including an explanation for the additional cost for the Commission's approval.

Done at Frankfort, Kentucky, this 1st day of February, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director